

RED RIVER AUTHORITY OF TEXAS

Board of Directors

Video Conference Meeting Minutes

September 21, 2020

Pursuant to the Texas Open Meeting Act. Id. § 551.127(c), (d), the Red River Authority of Texas Board of Directors held a video conference meeting on Monday, September 21, 2020 at 9:00 a.m. The video conference meeting originated at the Authority's Administrative Offices located at 3000 Hammon Road, Wichita Falls, Texas and was open to the public. The following directors, staff, and guest participated in the video conference meeting:

Directors:

- Mr. Todd W. Boykin, President, Amarillo
- Mr. Jerry Bob Daniel, Vice President, Truscott
- Mr. Michael R. Sandefur, Secretary-Treasurer, Texarkana
- Mr. Stephen A. Thornhill, Assistant Secretary, Denison
- Ms. Mary Lou Bradley, Memphis
- Mr. Jerry Dan Davis, Wellington
- Mr. George Wilson Scaling, II, Henrietta
- Mr. Zackary K. Smith, Canyon
- Mr. Joe L. Ward, Telephone

Staff:

- Mr. Randall W. Whiteman, General Manager
- Ms. Danna P. Bales, Executive Assistant
- Mr. Fabian A. Heaney, Assistant General Manager
- Ms. Lana Hefton, Controller
- Mr. Glen K. Hite, IT Systems Administrator

Guests: None

Item One: Call the Meeting to Order, Roll Call, and Invocation

President Boykin called the meeting to order at 9:05 a.m. and performed the roll call. He then provided the invocation.

Item Two: Public Comments to the Board of Directors

Comments from the general public to members of the board concerning items that are not on the board agenda. As comments from the general public are not posted agenda items, the Texas Open Meetings Act prohibits RRA Board Members and Staff from discussing or responding to these comments during board meetings.

There were no public comments to the Board of Directors.

Item Three:**CONSENT AGENDA**

Items on the consent agenda will be considered and acted on in one motion.

- a. Approval of the Minutes of the Regularly Scheduled Board of Directors Meeting Video Conference Call Held on July 15, 2020
- b. Approval of the Minutes of the Special Called Board of Directors Meeting Conference Call Held on August 12, 2020

Mr. Ward made a motion to approve the items on the consent agenda, as presented. His motion was seconded by Mr. Smith and the motioned passed unanimously with a vote of **9 For** and **0 Against**.

REGULAR AGENDA**Item Four: Elect Officers for Fiscal Year 2020-2021, and Take Any Other Action Deemed Necessary.**

- a. **Election of Vice President, Secretary/Treasurer, and Assistant Secretary**

Mr. Scaling made a motion to retain the same officers (listed below) for Fiscal Year 2020-2021. His motion was seconded by Mr. Sandefur, and the motion passed unanimously with a vote of **9 For** and **0 Against**.

Jerry Bob Daniel – Vice President
Michael R. Sandefur – Secretary/Treasurer
Stephen A. Thornhill – Assistant Secretary

Item Four: Elect Officers for Fiscal Year 2020-2021, and Take Any Other Action Deemed Necessary. (continued)

b. Appointment of the Executive Committee by the President

President Boykin appointed the following members to continue serving on the Executive Committee for Fiscal Year 2020-2021:

Todd W. Boykin – President
Jerry Bob Daniel – Vice President
Michael R. Sandefur – Secretary/Treasurer
Stephen A. Thornhill – Assistant Secretary

c. Appointment of the General Manager and General Counsel by the Board of Directors

Mr. Sandefur made a motion to appoint Randy Whiteman as General Manager and Sara Thornton as General Counsel. His motion was seconded by Mr. Thornhill, and the motion passed unanimously with a vote of **9 For** and **0 Against**.

Item Five: Receive a Presentation from Controller, Lana Hefton, on the Annual Operating Budget for Fiscal Year 2020-2021 for the Red River Authority of Texas, and Take Any Other Action Deemed Necessary.

Ms. Hefton thanked the Finance Committee and staff for their contributions and assistance in the completion of the Annual Operating Budget for Fiscal Year 2020-2021. She then provided an overview of the report. Discussion was held regarding a rate analysis future rate increase. Mr. Whiteman provided a synopsis on increased water purchases budgeted, specifically the treated water purchase contract with the City of Wichita Falls for the Lake Arrowhead Water System.

Item Six: Receive a Recommendation from the Finance Committee and Consider Adopting Resolution #2020-015, Adopting the Annual Operating Budget for Fiscal Year 2020-2021 and Schedules for the Red River Authority of Texas, and Take Any Other Action Deemed Necessary.

Mr. Sandefur, Chair of the Finance Committee, explained some of the changes that were made to the budget regarding format and the supporting schedules. He added that he was pleased with the final report. He also explained some of the items that were included, such as the addition of

Item Six: Receive a Recommendation from the Finance Committee and Consider Adopting Resolution #2020-015, Adopting the Annual Operating Budget for Fiscal Year 2020-2021 and Schedules for the Red River Authority of Texas, and Take Any Other Action Deemed Necessary. (continued)

two new employees, and moving the Maintenance Division into the Utility Division. Mr. Sandefur added that the Environmental Services Division (ESD) did not perform as well as budgeted previously. Mr. Heaney stated that the COVID Pandemic greatly affected the ESD, as revenue was down due to oil and gas clients not bringing in samples for analyses, and Clean Rivers Program were unable to travel and conduct surface water quality monitoring due to the pandemic. He stated that hopefully the ESD will bounce back soon, as sample analyses are increasing. Mr. Heaney added that it was also decided to not replace an employee that recently resigned.

Following additional discussion on the report, Mr. Sandefur explained that he would like the last paragraph of the Basis of Presentation Section (page 13 of the draft document) that discussed the elimination of the Interfund Loan Program, be removed.

With no more discussion, Mr. Sandefur made a motion to adopt Resolution #2020-015, adopting the Annual Operating Budget for Fiscal Year 2020-2021 and Schedules, including the removal of the paragraph discussed. His motion was seconded by Mr. Davis, and the motion passed with a vote of **8 For** and **1 Against**. Ms. Bradley explained that her opposition was due to the fact of continual and future rate rate increases, without solutions being enacted, with the result being loss of customers. Mr. Boykin expressed his appreciation for her comments, and stated that there was a lot of work ahead in the future.

Item Seven: Consider Awarding the Contract to Serve as the Primary Depository for the Red River Authority of Texas and Maintain Custody of its Funds for a Period of Three Years, from October 1, 2020 through September 30, 2023, and Take Any Other Action Deemed Necessary.

Ms. Hefton stated that in compliance with the Authority's Investment Policy, bank depository bids were solicited for the three-year period beginning October 1, 2020 and ending September 30, 2020. She explained that certified letters requesting proposals were mailed to seven local banks, and an official request for proposals advertisement was placed in the Times Record News, as well as on the Authority's website. She stated that three banks submitted proposals; American National Bank and Trust (ANB), First National Bank (FNB), and Pilgrim Bank (PG).

Referring to the bid tabulation, Ms. Hefton stated that ANB and FNB are each offering competitive rates. However, ANB is offering a 50 basis point increase on the Authority's Money

Item Seven: Consider Awarding the Contract to Serve as the Primary Depository for the Red River Authority of Texas and Maintain Custody of its Funds for a Period of Three Years, from October 1, 2020 through September 30, 2023, and Take Any Other Action Deemed Necessary. (continued)

Market and confirmed that a 20 basis point increase over TexPool on Insured Cash Sweeps will continue with ANB. Further, she stated that Pilgrim Bank could not meet collateral requirements. Additionally, Mr. Hefton explained the steps and costs that it would entail to switch the Authority's depository account to a different bank. She added that it is staff's recommendation to continue depository services with ANB. Mr. Boykin inquired as to whether actual costs to change banks had been calculated. Ms. Hefton replied that actual costs had not been calculated.

Following minor discussion, Mr. Daniel made a motion to award the contract to American National Bank and Trust to serve as the primary depository for the Red River Authority of Texas and maintain custody of its funds for a period of three years, from October 1, 2020 through September 30, 2023. His motion was seconded by Mr. Scaling, and the motion passed unanimously with a vote of **9 For and 0 Against**.

Item Eight: Consider Awarding the Bid to Construct an 8" Water Transmission Line from the McAdoo Well Field in Dickens County to the Dumont Pump Station in King County, as part of the 2017-2018 Capital Improvements Plan Phase-1, Guthrie/Dumont Water System Improvements, and Take Any Other Action Deemed Necessary.

Mr. Heaney provided an update on the Guthrie/Dumont Water System Capital Improvement Project, with regards to the construction of an eight-inch water transmission line from the McAdoo Well Field in Dickens County to the Dumont Pump Station in King County. He explained that seven bids were received and the Authority's engineer, Biggs and Mathews, Inc. (BMI) recommends awarding the bid to the lowest bidder, Whitewater Construction, Inc., in the amount of \$2,789,837.

Mr. Heaney stated that a copy of the bid award recommendation letter from BMI was included in the board book, as well as the bid tabulations of all seven bids received. He added that after construction of the transmission line and elevated tank at the McAdoo Well Field is constructed, the Guthrie/Dumont Water System Improvement Project will be complete.

Item Eight: Consider Awarding the Bid to Construct an 8” Water Transmission Line from the McAdoo Well Field in Dickens County to the Dumont Pump Station in King County, as part of the 2017-2018 Capital Improvements Plan Phase-1, Guthrie/Dumont Water System Improvements, and Take Any Other Action Deemed Necessary. (continued)

Following additional discussion on the project and on the bids received, Mr. Sandefur made a motion to award the bid to Whitewater Construction, Inc., in the amount of \$2,789,837 to construct an eight-inch water transmission line from the McAdoo Well Field in Dickens County to the Dumont Pump Station in King County, as part of the 2017-2018 Capital Improvements Plan, Phase-1, Guthrie/Dumont Water System Improvements. His motion was seconded by Mr. Daniel, and the motion passed unanimously with a vote of **9 For** and **0 Against**.

Item Nine: Consider Awarding the Bid to Construct a 75,000 to 100,000 Gallon Elevated Tank at the McAdoo Well Field, as Part of the 2017-2018 Capital Improvements Plan Phase-1, Guthrie/Dumont Water System Improvements, and Take Any Other Action Deemed Necessary.

Mr. Heaney explained that this is the required elevated tank that will be needed to complete the Guthrie/Dumont Water System Capital Improvement Project. He added that the elevated tank will allow the Authority the opportunity to pick up customers on top of the Caprock.

He explained that four bids were received, and the Authority’s engineer, Biggs and Mathews, Inc. (BMI), recommends awarding the bid to the lowest bidder, Pittsburgh Tank and Tower Company, Inc. from Henderson, Kentucky, in the amount of \$443,798. He added that BMI is very familiar with both of the low bidders on these final two components of the Guthrie/Dumont Water System Capital Improvement Project.

Following minor discussion, Mr. Davis made a motion to award the bid to construct a 75,000 gallon elevated tank at the McAdoo Well Field, as part of the 2017-2018 Capital Improvements Plan Phase-1, Guthrie/Dumont Water System Improvements. His motion was seconded by Mr. Ward, and the motion passed unanimously with a vote of **9 For** and **0 Against**.

Item Ten: Consider Adopting Resolution #2020-016, Authorizing the General Manager to Execute an Agreement with the North Central Texas Council of Governments to Fund Red River Authority of Texas' Share of a Planning Assistance to States Agreement with the U.S. Army Corps of Engineers for a Feasibility Study of Navigation of the Red River from Denison Dam to Index, Arkansas, and Take Any Other Action Deemed Necessary. 01:25:35

Mr. Whiteman provided a recap of House Bill 4166 and reminded that at the September 18, 2019 Board of Directors meeting, the Board authorized the negotiation of an agreement with the North Central Texas Council of Governments (NCTCOG), and on October 24, 2019, the NCTCOG authorized the execution of that agreement. Mr. Whiteman also reminded that on January 16, 2020, the Authority requested assistance through the U.S. Army Corps of Engineers (USACE) Planning Assistance to States (PAS) Program, to provide technical assistance for an update of navigation benefits on the Red River, subject to funding 50% of the study. Mr. Whiteman added that the Authority received a PAS Agreement from the USACE on August 30, 2020, and now the NCTCOG needs an executed Interlocal Cooperation Agreement. He added that a copy of the agreement, and associated resolution were located in the board book for review. Mr. Boykin then stated that he had issues with the indemnity and reimbursement provisions in the contract. Discussion was then held regarding the provisions, and getting General Counsel to review the agreement prior to execution.

Following additional discussion, Mr. Sandefur made a motion to adopt Resolution #2020-016, authorizing the General Manager to execute an agreement with the North Central Texas Council of Governments to fund Red River Authority of Texas' share of a Planning Assistance to States Agreement with the U.S. Army Corps of Engineers for a feasibility study of navigation of the Red River from Denison Dam to Index, Arkansas, subject to receiving General Counselor advice on the indemnity and reimbursement provisions. His motion was seconded by Mr. Daniel, and the motion passed unanimously with a vote of **9 For** and **0 Against**.

Item Eleven: Consider Adopting Resolution #2020-017, Authorizing the General Manager to Execute a Planning Assistance to States Agreement with the Department of the Army (U.S. Army Corps of Engineers) for the Update of Navigation Benefits on the Red River from Denison Dam to Index, Arkansas, and Take Any Other Action Deemed Necessary.

With no discussion, Mr. Sandefur made a motion to adopt Resolution #2020-017, authorizing the General Manager to execute a Planning Assistance to States Agreement with the Department of the Army (U.S. Army Corps of Engineers) for the update of navigation benefits on the Red River from Denison Dam to Index, Arkansas, contingent on the agreement with the North Central Texas Council of Governments being executed first. His motion was seconded by Mr. Ward, and the motion passed unanimously with a vote of **9 For** and **0 Against**.

Item Twelve: Consider Approval of Directors' Expenses, and Take Any Other Action Deemed Necessary.

Following review of the directors' expenses presented, Mr. Scaling made a motion they be approve. His motion was seconded by Mr. Thornhill, and the motion passed with a vote of **9 For** and **0 Against**.

Item Thirteen: Other Business as the Board May Deem Appropriate:**a. Board Committee Reports**

Mr. Boykin provided an update from the Governmental/Regulatory Committee Meeting and stated that form letters will be distributed to all of the Board Members so that each member may contact their representatives as it relates to navigation, as well as other issues.

Mr. Sandefur provided an update from the Finance Committee, and stated that they will be reviewing future funding requirements in respect to the Asset Management Plan, discussing minor improvements for next year's budget, and possibly attend a phone or video meeting with the Authority's auditor prior to the upcoming audit.

Mr. Smith provided an update from the Asset Management/Customer Service Committee stating that they have not met since the Asset Management Plan was approved, but are planning on coordinating with the Finance Committee to review and assess the Asset Management Plan's future financial requirements.

b. General Manager's Report**1. Capital Improvement Plan Update**

Mr. Whiteman provided an update on the Hinds-Wildcat Water System and stated that all easements, with the exception of two had been executed or are near execution. He explained that the two that have not responded (Tyson Foods and McDuff) will be submitted to Jim Henderson (appraiser) for condemnation proceedings.

Mr. Whiteman also provided an update on the Preston Shores Water System project and stated that it is 75% complete. He added that coordination with the U.S. Army Corps of Engineers for the easement at Lake Texoma is ongoing, with anticipated project completion the latter part of 2020. He then provided an update on the Howardwick Water System project.

Item Thirteen: Other Business as the Board May Deem Appropriate:**b. General Manager's Report (continued)****2. Update on Navigation of the Red River**

Mr. Whiteman stated that an update on the navigation project had been discussed previously on Items Ten and Eleven.

3. Update on Sunset Review

Mr. Whiteman provided a brief update on the status of the Sunset Review.

c. Assistant General Manager's Report**1. Update on the Environmental Services Division**

Mr. Heaney provided an update on the Environmental Services Division and stated that lab revenue has been rebounding slowly, and that he is currently working on filling the Quality Assurance Officer position in house. He added that Clean Rivers Program operations have returned to normal, so hopefully ESD revenue will increase.

2. Update on the Utility Division and Maintenance Division

Mr. Heaney stated that Maintenance Technician, Ellis Mercer, has been promoted to the Maintenance Supervisor, and his position was filled by a new employee, Monty Sumpter. He explained that the new Kenworth 4.5 Ton Truck should be delivered by the end of this week, and the new trailer should be received in early October. Mr. Heaney then stated that he was very pleased for the costs to come in under budget for both items, as the grand total for both pieces was \$119,027, and the estimated budget amount had been set between \$125,000 and \$150,000, depending on the cost of the truck.

He then provided an update on the AMI project in Howardwick, Guthrie-Dumont and Samnorwood Water Systems. He added that the first meter readings will come in next month. Mr. Heaney then stated that a grant application to the U.S. Bureau of Reclamation had been submitted for the second phase of the AMI Project for a \$500,000 matching grant. He stated that this could possibly complete AMI Project in the entire Utility Division. Mr. Heaney also provided an update on the Lake Arrowhead project, and stated that it should be complete within the next couple of months.

**Item Thirteen: Other Business as the Board May Deem Appropriate:
(continued)****d. Financial Report by the Controller**

Ms. Hefton stated that the accounting department is to the point that she should be able to get the monthly financial reports submitted more timely. She added that she feels the audit this year will be on point, and stated that the interim audit will begin at the end of this week. Ms. Hefton also stated that accounting department personnel will be training in the near future to learn how to import data from the new AMI meters.

Item Fourteen: Comments from the Directors and/or Suggestions for Future Agenda Items

There were no comments from the directors or suggestions for future agenda items.

Item Fifteen: Adjourn Meeting

Mr. Scaling made a motion to adjourn the meeting at 11:20 a.m. His motion was seconded by Mr. Thornhill, and the motion passed unanimously with a vote of **9 For** and **0 Against**.

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Michael R. Sandefur
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Michael R. Sandefur, Secretary-Treasurer

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Todd W. Boykin
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Todd W. Boykin, President